

108–1. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

Remarks at the National Capital Flag Company in Alexandria, Virginia

January 9, 2003

Thanks for having me, Al. First, we just had a really good discussion about how to make sure America is as promising as possible, how do we grow our economy, what's the role of Government, who do we trust when it comes to the people's money. And I want to thank Al for assembling the group and providing this opportunity for me to come and speak to you all and to the country about America.

First, the great thing about America, it's represented by guys like Al. He owns his own business. It's his. He's realizing his dream. The true strength of America is the entrepreneurial spirit of America, is the fact that Al, who had gone from firefighter to CEO—it can happen—and not only CEO, but CEO of a thriving business. And I know Al's wife and daughter are really proud of him for taking a risk.

But by taking risk, he is not only realizing a dream, he's also helping other people find work. The backbone of the U.S. economy is the small business. And to be able to talk about economic vitality and growth in a small business is a joy for me.

So thanks for having me. Thanks for what you do. Thanks for making all those flags that fly on the limousines. *[Laughter]* I'm proud to be traveling behind your flag. *[Laughter]*

I want to thank Hector Barreto, who is the Administrator of the Small Business Administration, for being with us.

I'm proud that our Senator from the State of Virginia is with us, George Allen. I'm honored George is here. He's a good fellow. If you've got any complaints about things, just take them to George. *[Laughter]* But I'm proud to call him friend.

I want to thank the vice mayor of Alexandria who's here. Where are you? Thank you, sir. Mr. Mayor, thanks for coming. I'm honored you're here. My little brother is a resident of Alexandria, so go light on his property

taxes. *[Laughter]* I'm going to try to go light on his income taxes. *[Laughter]*

I appreciate so very much the folks that joined us to talk about their own individual circumstances and the policies that I've articulated. I am oftentimes asked, "How is the economy doing?" And it's doing pretty darn well, given the fact that we've been through a recession, which is three quarters of negative growth. We've been through an attack on America, which many folks in this neighborhood, obviously, witnessed the consequences of firsthand. That caused our economy to slow down. It caused people not to get on airplanes and go to hotels. It was a shock to our economy. And then we had some of our citizens not tell the truth, that they thought that they could fudge the numbers to get ahead. And that created a lack of confidence. And we've dealt with all three of these things, and our economy is growing.

In spite of the fact that we had three major effects, the economy is showing positive growth. Matter of fact, we're the strongest, most resilient economy in the entire world, which should say something. So we're pretty darn good, but we're not good enough. And that's what I'm concerned about.

I say we're not good enough because there are some in the corporate world that don't have the confidence to expand like they should be expanding, and too many of our citizens are looking for work. Too many people who want to work can't find a job, and that concerns me. And so one of my jobs is to deal with problems. If you see a problem, instead of hoping it goes away, just be forthright and lay out a plan to deal with it. And that's what I'm doing. That's what I did in Chicago, and that's what I'm going to do again today, to talk about why I've—why I said what I think is important.

First, in order to deal with the recession, in June of 2001, I signed a law that allowed people to keep more of their own money. In other words, it was tax relief for all citizens. We've reduced the tax rates for everybody who pays taxes. And it was phased in over a period of years for the sake of economic vitality. I mean, it was good enough in January of '01, the theory that if you let people have more of their own money, it

would help the economy. That same theory still holds.

See, if Congress thought it was good enough in '01 to let people keep more money, they ought to think about it's good enough in '03 to let people keep more of their own money. And the phase-in is in '04 and '06. And all we're asking Congress to do is take the law they've already passed and accelerate the tax relief to today. As a matter of fact, when they pass that, I'll then get the Treasury to make it retroactive. And if we make it retroactive, the Treasury will then account for that retroactivity, so that you get immediate money into the economy. You'll notice the effects of the tax relief quickly.

All people who pay taxes should get tax relief. The tax relief is already in place. If tax relief is good enough 3 years from now for the American people, given the circumstances today, it's good enough today. And Congress needs to hear that. The plan is fair.

And the other thing we're going to do is accelerate aspects. Not only the tax rate reductions but the marriage penalty ought to be accelerated. The benefits of the marriage—of reducing the marriage penalty ought to be accelerated. It's a little odd that we have a marriage penalty to begin with. *[Laughter]* It seems like we ought to not penalize marriage; we ought to encourage marriage.

We ought to speed up the increase in the child credit. If you're a mom or a dad, you ought to get an increase in your child credit. And we ought to accelerate the reduction of the lowest tax rate from 15 percent to 10 percent. And these are all items that allow me to tell you that 92 million Americans benefit from this.

You hear a lot of talk in Washington, of course, about this benefits so-and-so, or this benefits this, the kind of the class warfare of politics. Let me just give you the facts that, under this plan, a family of four with an income of \$40,000 will receive a 96-percent reduction in Federal income taxes.

Now, that may not mean a lot of money to some of the big shots. It means a lot of money for the family of four making \$40,000. The income taxes would drop from \$1,178 a year to \$45 a year. That's real significant

money for this family. It's money that family would have to save, invest, to help with the credit-card squeeze. It's money that the family would have to make decisions on their behalf.

Somebody asked me earlier, "Why can't Congress see the wisdom of this?" And one of the answers is, is that some in Congress would rather spend the money themselves as opposed to trusting you to spend your own money, at least that's how I view the debate.

This tax relief is real, and it's significant. I was with Wayne and Candi—I was with Wayne. They're going to save \$2,500 a year. The folks at the so-called roundtable—it happened to be square, by the way. *[Laughter]* Wayne was with us. We were talking about his family. Joe and Kristen, two hard-working Americans that have got two children, they'll have a yearly savings of \$900, an 18-percent reduction in what they pay to the Federal Government.

This is a fair plan. It is an important plan. And it's a plan that will help people find work, because it will help keep this economy growing.

Secondly, one of the things in the plan is how do we affect the small-business owner. If 70 percent of the new jobs in America are created by small business, then we ought to be figuring out how to create incentives for small business to grow. That makes sense.

The first thing is that most small businesses pay—file their small-business income on their personal income tax returns. Most are small businesses or limited partnerships—most small businesses are limited partnerships or sole proprietorships. Al is not. He's a C corp, so he pays at the corporate level, but many small businesses are.

So when you reduce the rates on everybody who pays taxes, you're reducing the taxes on small-business owners, which gives that small-business owner more money to invest in the growth of the business, which means it's more likely he or she will be able to hire somebody additionally. When you reduce the income tax rates on Americans, you're affecting small business, and that's important for people to know. It's a fact, and it's a real fact.

As well, I've asked the Congress to raise the deduction from \$25,000 to \$75,000—in

other words, the amount that a business can deduct from the investment of equipment. And this makes sense for a company like the National Flag Company. See, it is a capital-intensive business. It requires sophisticated machinery to run this business, as the folks who work here know. It's pretty darn sophisticated, isn't it? [*Laughter*]

If this plan were to go through, the company, Al tells me, since he is the company, or part of the company, or the decisionmaker in the company, says that he would buy two more machines, which would create more job opportunities for people. In other words, this is a plan that says that if you are willing to take risk and invest more, that there's a benefit for doing so. It's an incentive for small business to increase.

It's aimed at small business; it makes sense for small business. And if Al makes the decision to buy more equipment and to hire more people, imagine all the different Als around the country that are making the same decision. It's the cumulative effect of his decision as well as millions of others that will enable me to predict that more jobs will be created, more opportunities for growth. The people making the machines will have more opportunity. And it will have a positive effect throughout our entire economy.

The third aspect of this plan is on dividends. A dividend is money that a company gives back to investors out of their profits. Right now this country taxes dividends twice—or income twice, in the sense. In other words, you tax the profit at the corporate level, and that's good. Profits should be taxed. And when the profit is distributed to an investor, it gets taxed. I don't think it's fair to tax that dollar twice. And I think the Congress ought to abolish the double taxation on dividends. That's a fair principle.

And it will have other effects as well. Fifty percent or half of all the dividend income—50 percent of all the dividend income in America goes to our seniors. There's a way that seniors have been—many seniors have invested and use the dividend income as part of their retirement. If you get rid of the double taxation of dividends, you help seniors in their retirement, and that makes sense. That's good public policy, it seems like to me.

The average tax savings for taxpayers 65 and older who receive dividends will be \$936 per year, per tax return. That's—that will help. That will help people. Abolishing the double taxation will increase the return on responsible investing, which will draw more money into the markets, which will make it easier for people to have capital to build plant and equipment, which means more people will find work.

I mean, this is a plan to encourage growth, focusing on jobs. And the Council of Economic Advisers has predicted that these proposals will create 2.1 million new jobs over the next 3 years. That's good for the American people. It's good for our economy.

See, I want people who need to put bread—food on the table to be able to do so, more people working. They're looking for work and can't find work. That's—that's sad.

I signed a bill yesterday, by the way, to extend unemployment benefits. I want to thank both Republicans and Democrats, Senator Allen and others, for getting that done. See, they showed yesterday that when they get their mind to something and forget politics and focus on the good of the American people, we can get some things done. And I signed the bill yesterday. They hadn't been in town but 2 days and got the bill to my desk, and that's good.

They need to be thinking the same way about this jobs package. They need to understand that the proposal I made will put \$59 billion out the door in 2003 alone, which is short-term stimulus. They need to understand that we've got to be thinking long-term for the United States of America, that the role of Government is not to create wealth but to create an environment in which the small business can grow to be a big business, in which people are comfortable about investing, in which people have the ultimate confidence in our system.

We got a lot of big problems ahead of us here in America. We're fighting a war, and the war goes on. I knew that the farther we got away from September the 11th, the more likely it would be that I would continue to have to convince people that we live in a dangerous world, and we do.

And this year, the year '03, we're going to do like we did last year; we're just going

to keep hunting them down, one at a time. It doesn't matter where they try to hide. We'll find them and bring them to justice. We'll be dealing with weapons of mass destruction in order to make the world more peaceful.

And here at home, we've got some obstacles to overcome as well. And one of those obstacles is to make sure people can find work, make sure this economy is strong and vibrant and hopeful, that the future is optimistic for every single citizen.

But there's no doubt in my mind we'll overcome these obstacles. There's no doubt in my mind that the world is going to be a more peaceful place, because of the United States of America. There's no doubt in my mind that we'll prevail in the war on terror, no matter how long it takes. And there's no doubt in my mind, when Congress does the right thing, that more of our Americans will have a more hopeful future, because they'll be able to find work.

Thank you, Al, for giving me a chance to come by. May God bless you and your families, and may God continue to bless the greatest nation on the face of the Earth, the United States of America.

NOTE: The President spoke at 10:05 a.m. in the company's sewing room. In his remarks, he referred to Albert Ulmer, Jr., president, National Capital Flag Company, his wife Joanne, and their daughter, Caitlin; Vice Mayor William Cleveland of Alexandria; and Wayne and Candi Page, and Joseph and Kristen Pappano, who participated in a roundtable discussion with the President prior to his remarks. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

**Message to the Senate Transmitting
an Agreement Amending the
Canada-United States Treaty on
Pacific Coast Albacore Tuna Vessels
and Port Privileges**

January 9, 2003

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I trans-

mit herewith the Agreement Amending the Treaty Between the Government of the United States of America and the Government of Canada on Pacific Coast Albacore Tuna Vessels and Port Privileges done at Washington May 26, 1981 (the "Treaty"), effected by an exchange of diplomatic notes at Washington on July 17, 2002, and August 13, 2002 (the "Agreement"). I am also enclosing, for the information of the Senate, the report of the Secretary of State on the Agreement and a related agreement, effected by an exchange of notes at Washington on August 21, 2002, and September 10, 2002, amending the Annexes to the Treaty; this related agreement was concluded pursuant to Article VII of the Treaty.

The Treaty currently permits unlimited fishing for albacore tuna by vessels of each Party in waters under the jurisdiction of the other Party. The Agreement amends the Treaty to allow for a limitation on such fishing necessitated by changing circumstances.

The U.S. fishing and processing industries strongly support the amendment to the Treaty. The amendment not only allows the Parties to redress the imbalance of benefits received by U.S. fishers that has developed in the operation of the Treaty, but also preserves U.S. interests under the Treaty, including the interest of U.S. fishers to fish in Canadian waters at times when the albacore stock moves northward, the interest of U.S. processors to continue to receive Canadian catches for processing, and the U.S. interest in being able to conserve and manage the stock.

The recommended legislation necessary to implement the Agreement will be submitted separately to the Congress.

I recommend that the Senate give favorable consideration to this Agreement and give its advice and consent to ratification at an early date.

George W. Bush

The White House,
January 9, 2003.